

Lessons in self-managing a rebuild

Using reconstruction following the Victorian bushfires as a model, research has highlighted the problems that could be faced in Canterbury by owners managing their own rebuild.



The New Zealand team has referred to Victoria's actions following bushfires.

MANY PEOPLE IN CHRISTCHURCH will be rebuilding their homes or building new homes on recently purchased land.

The MBIE booklet *Rebuild with confidence - a guide for homeowners in Canterbury* has advice for people facing rebuilding and points to a need to use professionals to design, build and document the building process.

It does not recommend a particular choice, giving options such as managing the project (including contracting the designer, building contractor and subcontractors), getting the design work done, then contracting a builder

who is responsible for hiring subcontractors or hiring an independent project manager.

The report suggests that self-managing a house building project can be more stressful and time consuming and makes it harder to hold others to account for defects in the work.

Looking at the Victorian experience

The Resilient Organisations research team has spent 5 years examining the Victorian bushfire reconstruction. Research suggests self-managing rebuilding owners could face some of the following problems as they struggle with their

own recovery while trying to manage their property reconstruction.

Increased stress

Post-bushfire self-managing rebuilding owners were stressed coping with losses from the fires, and taking on a building project compounded their stress further.

Lack of understanding

These owners were unlikely to have specific knowledge of the building process. There was a lack of understanding about how houses actually get built, the process and difficulties that can be faced, including the decisions required, the timing of decisions, the consents process and material procurement.

Delays often faced

Houses built by self-managing rebuilding owners often face delays, usually as a result of scope creep and variations.

Not being able to find the right skills at the right time for the building work created problems, and when timings for the different professionals changed, project completion was often delayed, leading to extra costs.

Difficulties conveying needs

Rebuilding owners were uncertain about their actual needs and lacked the ability to visualise the finished product. They also

found it difficult to convey their needs when technical terms were involved and they were expected to make decisions from drawings.

Problems with funding

They often found they had insufficient funds to complete the work, and ended up with a home that was usually smaller than expected, or worse, an incomplete home that did not comply with the building code.

It was normal for owners to want to build a better house than before. However, if they had an insurance payout, this was insufficient to cover their expectations, especially as costs for builders and materials increased.

Being taken advantage of

Some self-managing rebuilding owners were targets for unscrupulous builders, with reports of builders taking large deposits and disappearing.

Standards not meeting expectations

There were occurrences when the standard of the building did not meet owner expectations.

Residential Advisory Service in Canterbury

Under CERA, the Residential Advisory Service has been set up to offer free, independent help to residential property owners facing challenges in getting their home repaired or rebuilt following the Canterbury earthquakes.

It assists where owners disagree with another party over their repair or rebuild or are frustrated or confused about the complex matters involved in getting their homes rebuilt or repaired.

Current issues appear to be around insurance disputes, and its independent advisors appear to be qualified and practising lawyers.

Advisory service in Victoria

In Victoria, a Rebuilding Advisory Service was established with qualified builders offering advice to homeowners on the building process, including disputes. This is similar to Canterbury's Residential Advisory Service but with a greater role in proactively assisting owners to build.

The Rebuilding Advisory Service in Victoria provided advice before owners commenced their rebuilding projects, discussing the options available, checking contracts and advising on the norms for structuring payments.

Once established, the Rebuilding Advisory Service in Victoria provided good advice on procedures and how to avoid potential problems and solve those that had occurred.

Canterbury service insurance focused

In Canterbury, the Residential Advisory Service appears to have been set up to deal

with insurance-related issues. There could be scope to enhance the service to manage the post-insurance rebuilding of homes or to set up a different but analogous service that an organisation such as Master Builders might be interested in supporting, rather than insurers, for people dealing with the tricky issue of home building.

This type of service needs to be available, or the government might find there are a large number of partially completed, unconsented properties from owners unable to afford completion.

Self-building could add to costs

The Australian bushfire recovery experience suggests that self-managing rebuild owners are likely to run into difficulties that could add to the costs of recovery.

If possible, alternative methods of building to self-managing should be encouraged. Homeowners looking for options should consider volume building companies with proven track records, professional or project management, prefabricated options or selecting professionals from an approved list.

If owners choose to self-manage the rebuilding of their properties, then an assistance service needs to be provided. ◀